



EUROPEAN CENTRAL BANK

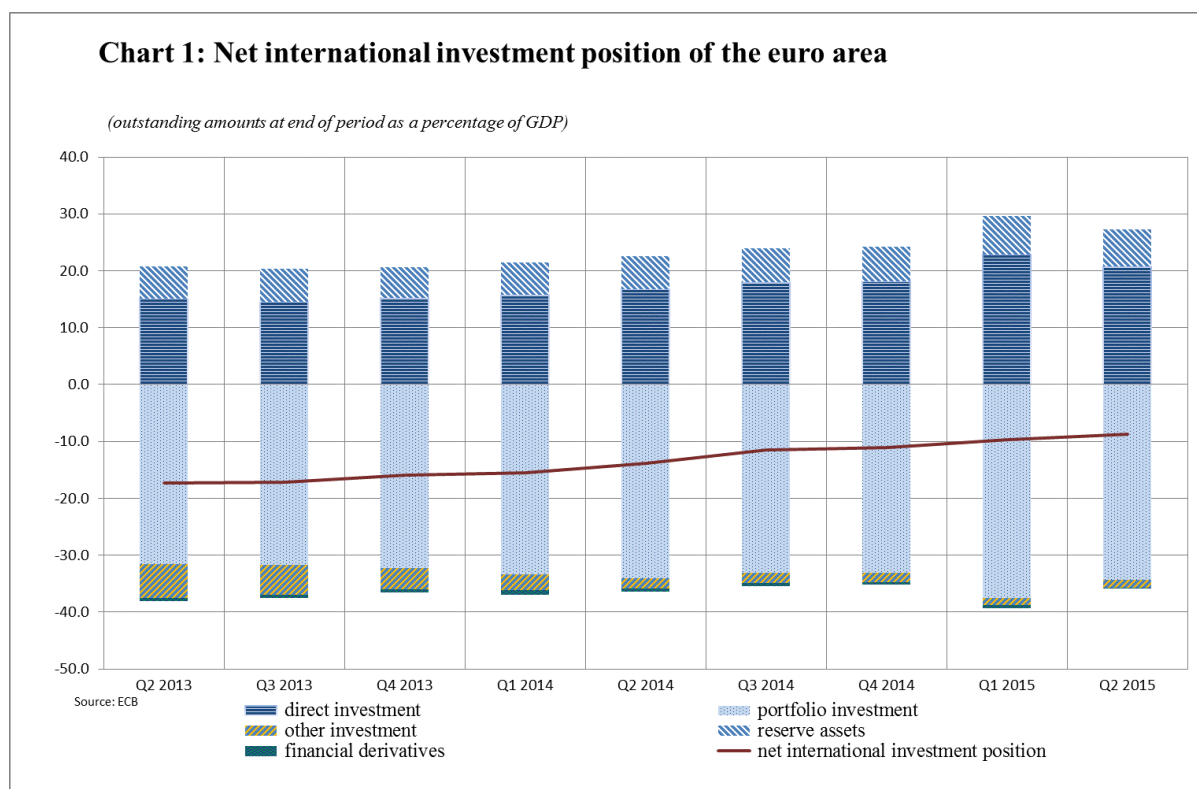
EUROSYSTEM

PRESS RELEASE

8 October 2015

Euro area quarterly balance of payments and international investment position (second quarter of 2015)

- The current account of the euro area showed a surplus of €294.4 billion (2.9% of euro area GDP) in the four quarters to the second quarter of 2015.
- At the end of the second quarter of 2015 the international investment position of the euro area recorded net liabilities of €0.9 trillion (approximately 9% of euro area GDP).



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Current account

The current account of the euro area showed a surplus of €67.1 billion in the second quarter of 2015, compared with €35.9 billion in the same quarter of 2014 (see Table 1). The increase in the current account surplus was due to an increase in the surplus for goods (from €61.2 billion to €86.4 billion) and a decrease in the deficits for primary income (from €13.2 billion to €9.3 billion) and secondary income (from €33.6 to €29.4 billion). This was partly offset by a decrease in the surplus for services (from €21.4 billion to €19.4 billion).[1]

The decrease in the surplus for services resulted mainly from a deterioration in the balances for the insurance, pension and financial services (a decrease in the surplus from €4.1 billion to €3.4 billion) and “other” (an increase in the deficit from €3.8 billion to €8.2 billion) components. This was partly offset by an improvement in the balance for the telecommunication, computer and information services component, where the surplus rose from €11.4 billion to €14.3 billion.

The decrease in the primary income deficit resulted primarily from an increase in the investment income surplus for direct investment.

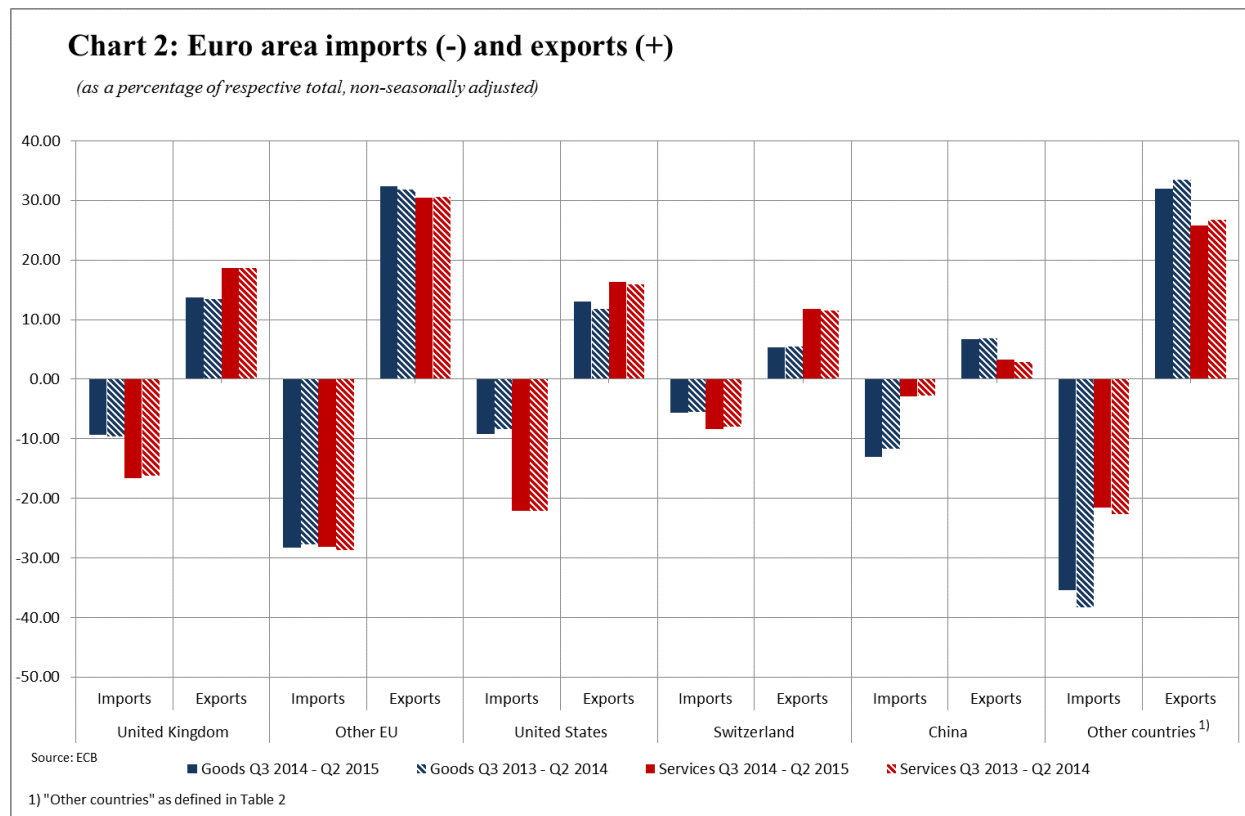
In the four quarters to the second quarter of 2015 the current account of the euro area showed a surplus of €294.4 billion (2.9% of euro area GDP), compared with a surplus of €195.7 billion (1.9% of euro area GDP) a year earlier. The rise resulted from increases in the surpluses for goods (from €216.5 billion to €295.4 billion) and primary income (from €49.0 billion to €69.9 billion), and from a decrease in the deficit for secondary income (from €145.7 billion to €135.8 billion). It was partly offset by the decrease in the surplus for services (from €75.8 billion to €64.7 billion).

The geographical breakdown

The increase in the surplus for the euro area goods account in the four quarters to the second quarter of 2015 resulted from improvements in the trade balance vis-à-vis most euro area trading partners (see Table 2). This was particularly visible in the increase in the surplus vis-à-vis the United States (from €82.7 billion to €104.9 billion) and in the change from a deficit (of €11.9 billion) to a surplus (of €34.2 billion) vis-à-vis “other countries”. The increase in the deficit vis-à-vis China (from €69.3 billion to €89.2 billion) partly offset this. The decrease in the surplus for services resulted mainly from an increase in the deficit vis-à-vis “offshore financial centres” (from €20.9 billion to €33.4 billion).

In the four quarters to the second quarter of 2015 non-euro area EU Member States (excluding the United Kingdom) remained the euro area’s main partners for trade in goods, accounting for approximately 19% of all euro area imports and exports, followed by the United Kingdom for exports and China for imports (see Chart 2). As regards euro area trade in services, the United Kingdom was the largest recipient of

exports (accounting for 19% of the total) and the United States the largest provider, accounting for over 22% of total euro area imports of services.



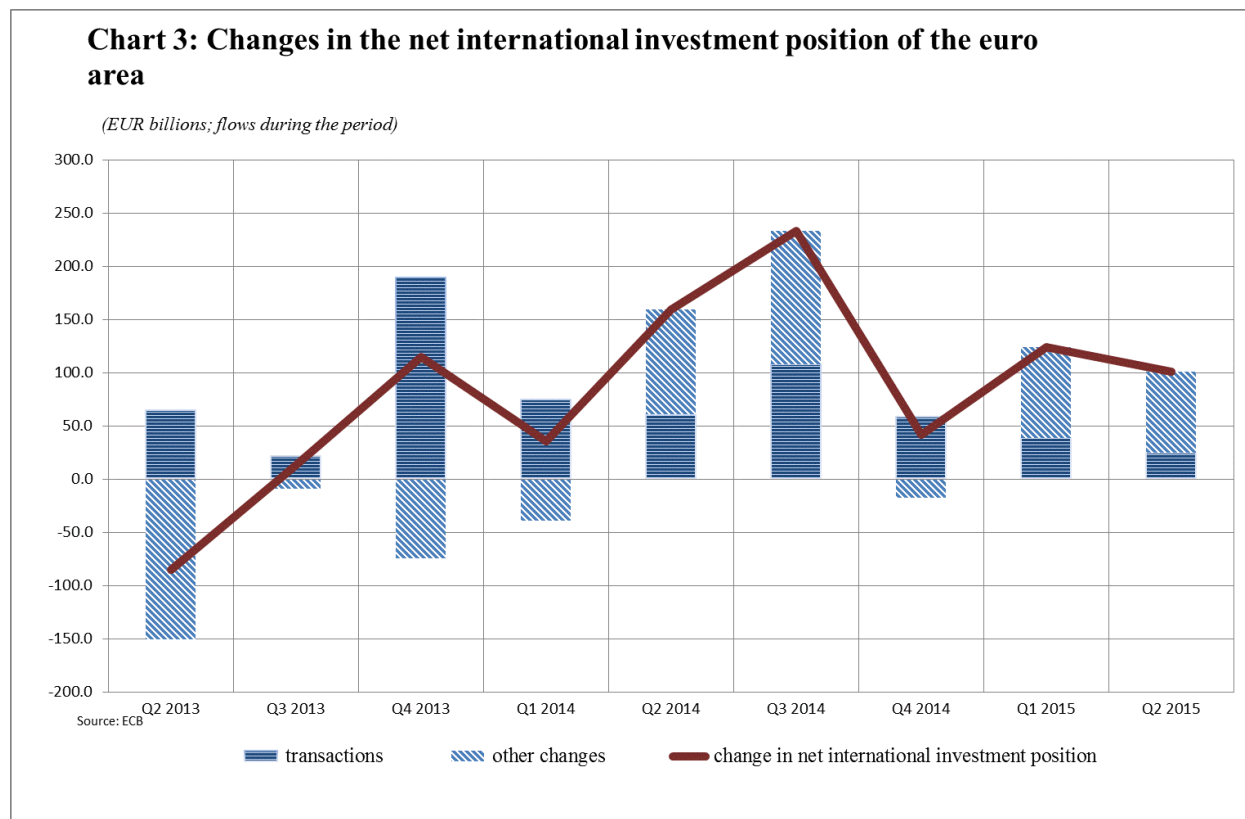
International investment position

At the end of the second quarter of 2015 the international investment position of the euro area recorded net liabilities of €0.9 trillion vis-à-vis the rest of the world (approximately 9% of euro area GDP; see Chart 1). This represented a decrease of €101 billion in net liabilities compared with the first quarter of 2015 (see Table 3).

This decrease resulted from lower net liability positions for *portfolio investment* (€3,526 billion, down from €3,830 billion) and *financial derivatives* (€22 billion, down from €69 billion). These movements were partly offset by (i) lower net asset positions for *direct investment* (€2,131 billion, down from €2,329 billion) and *reserve assets* (€658 billion, down from €690 billion) and (ii) a higher net liability position for *other investment* (€135 billion, up from €114 billion).

The change in the net international investment position of the euro area is mostly attributable to large revaluations – changes in exchange rates and asset prices – and other volume changes (see Chart 3). However, transactions were the main contributor to the increase in *direct investment liabilities*, as well as the decreases in *other investment* assets and liabilities.

At the end of the second quarter of 2015 the *gross external debt* of the euro area amounted to €12.6 trillion (approximately 123% of euro area GDP), which represents a decrease of over €340 billion compared with the previous quarter. The *net external debt* also decreased by approximately €40 billion.



The geographical breakdown

At the end of the second quarter of 2015 the stock of euro area direct investment abroad (assets) was €8.8 trillion, 26% of which was invested in the United States and 19% in the United Kingdom (see Table 4). The stock of foreign direct investment in the euro area (liabilities) was €6.7 trillion, with 28% coming from residents in the United States and 20% from offshore financial centres.

As regards portfolio investment, euro area holdings of foreign securities amounted to €7.1 trillion at the end of the second quarter of 2015, largely reflecting holdings of securities issued by residents in the United States (which accounted for 35% of the total), as well as by residents in the United Kingdom (16%). Non-residents' holdings of securities issued by euro area residents stood at €10.6 trillion at the end of the second quarter of 2015.

As regards other investment, euro area residents' holdings of assets abroad amounted to €4.8 trillion at the end of the second quarter of 2015, with 34% vis-à-vis residents in the United Kingdom and 16% vis-à-

vis residents in the United States. Other investment liabilities came to €5.0 trillion, with residents in the United Kingdom accounting for 33% of the total and residents in the United States for 14%.

Data revisions

- This press release incorporates large revisions to the data for all the reference periods between the first quarter of 2009 and the first quarter of 2015. These revisions reflect improvements in the national contributions to the euro area aggregates following the introduction of the new statistical standards.

Additional information

- Time series data: [ECB's Statistical Data Warehouse \(SDW\)](#).
- Methodological information: [ECB's website](#).
- [Next press releases:](#)
 - o Monthly balance of payments: **20 October 2015** (reference data up to August 2015).
 - o Quarterly balance of payments and international investment position: **13 January 2016** (reference data up to the third quarter of 2015)

Annexes

- Table 1: Current account of the euro area
- Table 2: Current and capital account of the euro area – geographical breakdown
- Table 3: International investment position of the euro area
- Table 4: International investment position of the euro area – geographical breakdown

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Notes:

- [1] In broad terms, the new BPM6 concept of “primary income” corresponds to the old BPM5 concept of “income”, and the new concept of “secondary income” corresponds to the old concept of “current transfers”.

Table 1: Current account of the Euro area

(EUR billions, unless otherwise indicated; transactions during the period; non working day and non seasonally adjusted)

	Cumulated figures for the four-quarter period ending in						Q2 2014			Q2 2015		
	Q2 2014			Q2 2015			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
Current account	195.7	3,332.4	3,136.7	294.4	3,483.7	3,189.4	35.9	854.7	818.8	67.1	903.8	836.7
Percentage of GDP	1.9	33.2	31.3	2.9	34.0	31.1	-	-	-	-	-	-
Goods	216.5	1,932.0	1,715.5	295.4	2,038.8	1,743.4	61.2	489.8	428.5	86.4	530.0	443.7
of which: General merchandise	205.0	1,880.6	1,675.6	277.5	1,981.6	1,704.2	58.2	477.8	419.6	80.2	514.6	434.4
Services	75.8	671.8	596.0	64.7	726.7	662.0	21.4	174.2	152.7	19.4	188.2	168.8
Transport	6.2	127.9	121.7	7.6	134.3	126.7	1.7	32.0	30.3	2.9	35.5	32.6
Travel	19.8	116.8	97.0	19.7	119.2	99.5	7.6	31.8	24.2	8.2	31.9	23.7
Insurance, pension and financial services	18.7	78.0	59.3	14.1	82.6	68.5	4.1	19.7	15.6	3.4	21.3	17.9
Telecommunication, computer and information services	41.8	82.7	40.9	51.4	94.7	43.2	11.4	21.8	10.4	14.3	25.2	11.0
Other business services	1.2	172.3	171.1	-3.6	192.0	195.6	0.4	44.7	44.3	-1.1	48.8	49.9
Other	-11.8	94.2	106.0	-24.5	103.8	128.4	-3.8	24.2	28.0	-8.2	25.6	33.8
Primary income	49.0	635.8	586.7	69.9	617.4	547.4	-13.2	165.6	178.7	-9.3	156.1	165.4
Compensation of employees	18.0	32.5	14.5	19.5	34.3	14.8	4.3	8.2	3.9	4.9	8.9	4.0
Investment income	6.3	563.0	556.8	26.6	541.6	514.9	17.1	153.9	171.0	12.2	144.4	156.6
Direct investment	84.6	358.5	273.9	101.1	321.0	220.0	23.7	97.2	73.5	29.6	82.7	53.1
of which: Reinvested earnings	-22.4	13.3	35.7	-20.3	23.3	43.7	-2.3	2.7	5.0	13.7	-0.2	13.5

Portfolio investment	-79.4	156.7	236.1	-77.6	174.3	251.9	-41.2	44.7	85.8	-42.6	51.1	93.7
Dividends	-1.8	52.6	54.5	2.5	61.1	58.7	-15.7	17.7	33.4	-16.3	21.2	37.4
Income on investment fund shares	-69.1	5.1	74.3	-79.1	4.0	83.2	-22.8	1.6	24.3	-26.3	1.1	27.4
Interest	-8.5	98.9	107.4	-0.9	109.2	110.1	-2.7	25.4	28.1	-0.1	28.8	28.9
Other investment	-1.9	44.9	46.7	0.0	43.0	43.0	-0.4	11.3	11.6	-0.0	9.8	9.8
of which: interest	-0.4	41.9	42.3	1.1	39.8	38.7	-0.0	10.5	10.6	0.3	9.0	8.7
Reserve assets		3.0			3.1			0.7			0.8	
Other primary income	24.7	40.2	15.5	23.8	41.6	17.7	-0.4	3.4	3.8	-1.9	2.8	4.8
Secondary income	-145.7	92.8	238.5	-135.8	100.8	236.6	-33.6	25.2	58.8	-29.4	29.5	58.9

Source: ECB.

Table 2: Current and capital account of the euro area - geographical breakdown

(EUR billions; cumulated transactions during the period; non-working day and non-seasonally adjusted)

EUR bn																	
	Total	EU Member States outside the euro area			Brazil	Canada	China	Hong Kong	India	Japan	Switzerland	United States	Offshore financ. centres	International org.	Other countries ¹⁾		
		Total	UK	Other EU countries												EU inst.	
Q3 2014 to Q2 2015																	
Current account	294.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit	3,483.7	1,106.6	518.6	520.5	67.5	63.5	48.7	177.7	41.1	42.1	74.1	262.6	501.5	151.1	11.2	1,003.6	
Debit	3,189.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goods	295.4	166.2	115.8	50.2	0.2	5.4	13.1	-89.2	17.5	4.0	-0.5	11.1	104.9	27.9	0.8	34.2	
Credit	2,038.8	659.6	278.1	381.3	0.2	29.9	27.2	137.8	25.9	30.5	44.1	109.1	265.0	56.7	0.9	652.1	
Debit	1,743.4	493.4	162.3	331.1	0.0	24.5	14.2	227.0	8.4	26.5	44.6	98.0	160.2	28.7	0.0	617.9	
Services	64.7	34.7	26.4	2.2	6.1	3.9	1.5	4.3	-1.4	0.4	6.0	29.5	-28.1	-33.4	3.0	44.5	
Credit	726.7	221.3	136.5	77.7	7.1	11.1	9.9	23.5	6.0	8.4	16.4	85.2	118.5	34.5	4.7	187.2	
Debit	662.0	186.7	110.1	75.5	1.0	7.2	8.4	19.2	7.4	7.9	10.4	55.7	146.6	67.9	1.7	142.7	
Primary income	69.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit	617.4	183.5	79.0	53.4	51.1	21.7	10.8	15.6	8.9	3.0	10.2	52.9	103.7	54.8	4.9	147.5	
Debit	547.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: investment income	26.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit	541.6	133.7	76.3	51.7	5.6	21.6	10.6	15.5	8.8	2.9	10.1	34.1	102.0	53.9	2.8	145.4	

Debit	514.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Secondary income	-135.8	-90.9	1.9	-2.5	-90.4	-0.8	-1.3	-1.7	-0.1	-0.8	0.2	-0.2	-1.8	-0.7	-7.7	-29.8
Credit	100.8	38.9	24.9	5.0	9.1	0.7	0.8	0.8	0.2	0.3	3.4	15.3	14.4	5.2	0.8	20.1
Debit	236.6	133.0	23.0	10.6	99.4	1.6	2.1	2.6	0.3	1.0	3.2	15.5	16.2	5.9	8.5	46.7
Capital account	-15.9	23.4	0.6	-0.5	23.3	-0.3	-0.0	1.0	0.3	0.0	0.3	0.3	-1.1	-33.1	-1.9	-4.8
Credit	37.7	30.6	6.1	0.9	23.6	0.9	0.0	1.1	0.6	0.2	0.3	0.9	0.4	1.1	0.0	1.7
Debit	53.6	7.1	5.5	1.4	0.2	1.1	0.0	0.1	0.3	0.1	0.0	0.6	1.5	34.2	2.0	6.5
Q3 2013 to Q2 2014																
Current account	195.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit	3,332.4	1,061.8	502.0	494.3	65.5	62.6	47.5	165.2	37.7	37.8	76.2	263.9	445.8	142.2	10.6	981.0
Debit	3,136.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goods	216.5	136.0	91.6	44.1	0.2	6.5	10.7	-69.3	17.1	2.4	2.0	9.5	82.7	29.8	1.1	-11.9
Credit	1,932.0	612.9	257.8	355.0	0.2	32.2	25.1	131.0	23.6	27.8	45.2	105.8	226.8	54.6	1.1	645.8
Debit	1,715.5	477.0	166.1	310.8	0.0	25.7	14.4	200.2	6.5	25.4	43.2	96.4	144.1	24.9	0.0	657.7
Services	75.8	33.4	28.2	-0.8	6.0	5.5	2.0	2.1	-0.6	-0.0	5.3	28.5	-25.6	-20.9	2.8	43.4
Credit	671.8	205.1	125.3	72.9	6.9	11.0	10.4	19.0	6.2	7.4	15.3	76.7	106.4	31.1	4.3	179.0
Debit	596.0	171.8	97.1	73.7	1.0	5.5	8.3	16.8	6.9	7.4	10.0	48.1	132.0	52.0	1.6	135.6
Primary income	49.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit	635.8	201.7	93.9	58.1	49.7	18.7	11.4	14.6	7.7	2.4	12.0	68.0	101.0	52.1	4.9	141.3
Debit	586.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: investment income	6.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit	563.0	153.2	91.5	56.1	5.6	18.6	11.3	14.6	7.6	2.4	11.9	50.7	99.4	51.2	2.9	139.4

Debit	556.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Secondary income	-145.7	-94.7	0.9	-2.0	-93.5	-1.0	-1.4	-2.0	-0.1	-0.8	0.2	-1.4	-4.8	-1.2	-7.7	-30.8
Credit	92.8	39.1	25.0	5.4	8.7	0.6	0.7	0.7	0.2	0.2	3.8	13.4	11.6	4.4	0.3	17.9
Debit	238.5	136.7	24.1	10.4	102.2	1.7	2.0	2.7	0.3	1.1	3.6	14.7	16.4	5.7	7.9	45.7
Capital account	23.5	25.8	0.4	-0.7	26.0	-0.2	-0.4	0.6	0.3	-0.0	0.3	2.4	-1.4	1.3	-1.8	-3.2
Credit	42.1	32.7	5.5	0.9	26.4	0.0	0.0	0.7	0.5	0.1	0.3	3.1	0.5	2.5	0.1	1.6
Debit	18.6	6.9	5.0	1.5	0.4	0.2	0.5	0.2	0.2	0.1	0.0	0.7	1.9	1.2	1.9	4.8

1) All income on reserve assets is allocated to other countries.

Source: ECB.

Table 3: International investment position of the euro area

(EUR billions, unless otherwise indicated; amounts outstanding at the end of the period, flows during the period; non working day and non seasonally adjusted)

	Q2 2014	Q3 2014	Q4 2014	Q1 2015			Q2 2015			
				Transactions	Other changes	Amounts outstanding	Transactions	Other changes	Amounts outstanding	Percentage of GDP
Net/Balance	-1,392	-1,159	-1,118	38	87	-994	24	76	-893	-9
of which: Direct investment	1,686	1,814	1,839	108	383	2,329	-40	-158	2,131	21
of which: Portfolio investment	-3,426	-3,331	-3,356	-114	-360	-3,830	126	178	-3,526	-34
of which: Other investment	-169	-184	-170	15	40	-114	-63	42	-135	-1
Assets	18,371	19,133	19,872	549	1,420	21,840	33	-494	21,379	208
Direct investment	7,510	7,740	8,249	196	508	8,953	85	-232	8,805	86
Equity	5,109	5,241	5,654	110	347	6,111	52	-178	5,986	58
Debt instruments	2,401	2,499	2,595	86	161	2,842	32	-54	2,819	27
Portfolio investment	5,891	6,235	6,467	137	621	7,225	123	-246	7,102	69
Equity	2,135	2,260	2,361	-16	334	2,678	39	-88	2,630	26
Investment fund shares	383	407	422	4	46	472	-7	-1	464	5
Debt securitites	3,374	3,568	3,684	150	241	4,075	91	-157	4,009	39
Short- term	532	581	593	13	40	647	-5	-13	628	6
Long-term	2,842	2,987	3,091	137	201	3,428	96	-144	3,380	33
Financial derivatives (net assets)	-67	-55	-43	23	-49	-69	4	43	-22	-0
Other investment	4,453	4,616	4,586	188	268	5,041	-176	-30	4,836	47
of which: Currency and	2,473	2,536	2,552	111	132	2,795	-147	-36	2,613	25

deposits												
Reserve assets	583	597	612		6	72	690		-3	-29	658	6
Liabilities	19,763	20,292	20,989		511	1,333	22,834		9	-571	22,272	217
Direct investment	5,824	5,926	6,410		88	125	6,624		125	-75	6,674	65
Equity	3,699	3,737	4,152		22	6	4,180		70	-40	4,210	41
Debt instruments	2,124	2,189	2,258		66	119	2,443		55	-35	2,463	24
Portfolio investment	9,317	9,566	9,824		251	981	11,055		-3	-424	10,628	104
Equity	1,799	1,790	1,802		48	392	2,243		5	-141	2,107	21
Investment fund shares	2,755	2,912	2,992		96	324	3,412		15	-126	3,301	32
Debt securities	4,764	4,864	5,030		106	265	5,401		-24	-157	5,220	51
Short-term	440	461	409		23	13	444		-23	-5	416	4
Long-term	4,323	4,403	4,620		84	252	4,956		-0	-152	4,804	47
Other investment	4,622	4,801	4,755		172	228	5,155		-113	-72	4,970	48
of which: Currency and deposits	2,801	2,902	2,859		118	182	3,159		-50	-51	3,058	30
Memo item: Gross external debt	11,506	11,849	12,039		-	-	12,995		-	-	12,649	123
Memo item: Net external debt	1,088	964	966		-	-	794		-	-	756	7
Source: ECB.												

Table 4: International investment position of the euro area - geographical breakdown

(EUR billions, unless otherwise indicated; positions during the period; non-working day and non-seasonally adjusted)

Q2 2015

	EUR bn	As a percentage of the total															
		EU Member States outside the euro area		States outside the euro area		Brazil	Canada	China	Hong Kong	India	Japan	Switzerland	United States	Offshore financ. centres	International org.	Other countries	
	Total	UK	Other EU countries	EU inst.													
Financial account																	
Direct investment																	
Assets	8805	26.1	19.0	7.1	0.0	4.6	3.3	2.0	0.7	0.5	1.1	9.0	26.3	8.7	0.0	17.7	
Equity	5986	26.3	19.0	7.3	0.0	4.8	3.6	2.4	0.8	0.6	1.1	9.2	26.4	8.9	0.0	16.0	
Debt instruments	2819	25.7	19.0	6.7	0.0	4.2	2.7	1.3	0.6	0.3	1.2	8.5	26.1	8.3	0.0	21.2	
Liabilities	6674	22.6	18.1	4.5	0.0	2.1	2.8	0.5	1.5	0.1	3.2	8.9	28.0	19.7	0.0	10.7	
Equity	4210	24.4	19.5	4.9	0.0	2.7	3.6	0.4	1.0	0.0	4.2	8.0	28.3	16.0	0.0	11.2	
Debt instruments	2463	19.4	15.6	3.8	0.0	1.0	1.4	0.6	2.5	0.1	1.3	10.4	27.4	26.1	0.0	9.8	
Portfolio investment																	
Assets	7102	28.7	16.1	9.2	3.4	1.2	2.3	1.3	1.1	0.9	4.7	3.1	34.9	7.2	0.7	13.8	
Equity and investment fund shares	3093	17.2	13.5	3.7	0.0	1.3	1.8	2.9	2.0	1.8	7.5	6.3	37.5	10.0	0.0	11.7	
Debt	4009	37.6	18.1	13.5	6.0	1.2	2.7	0.2	0.4	0.2	2.6	0.6	33.0	5.0	1.2	15.3	

securities																	
Short-term	628	30.5	16.2	13.8	0.4	0.0	2.3	0.3	0.9	0.0	12.0	1.4	41.1	3.4	0.2	7.9	
Long-term	3380	38.9	18.4	13.4	7.1	1.4	2.8	0.1	0.3	0.3	0.9	0.5	31.5	5.3	1.4	16.7	
Liabilities	10628	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity and investment fund shares	5408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt securities	5220	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short-term	416	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Long-term	4804	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Financial derivatives	-22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other investment																	
Assets	4836	41.8	34.1	7.2	0.5	0.9	0.7	1.5	1.9	0.6	3.6	6.6	15.6	10.8	0.8	15.1	
of which: currency and deposits	2613	47.6	41.4	6.0	0.2	0.4	0.5	1.3	2.8	0.4	3.5	7.0	14.1	13.2	0.2	8.9	
Liabilities	4970	47.5	33.3	8.6	5.6	0.6	0.6	1.4	1.4	1.2	2.2	5.2	14.2	7.4	2.4	15.8	
of which: currency and deposits	3058	49.5	34.0	11.9	3.5	0.2	0.6	1.1	1.9	0.1	2.3	5.8	11.1	9.5	1.6	16.4	

Source: ECB.